

## **TMRS interest rates for 2004**

At its September 20 meeting, the TMRS Board of Trustees approved an interest rate of eight percent (8%) for member and city accounts to be credited on December 31, 2003. The Board also approved an extra payment (distributive benefit) for retirees equal to one and one-half (1.5) payments, which will be paid at the end of December.

The TMRS policy of investing in high quality, long-term bonds has allowed the Board to credit interest at above current market rates, even though we have been in a low interest rate environment for several years. The income from its bond investments has also allowed the Board to continue to make additional payments to retirees, which has occurred every year since 1960. While both interest credits and extra payments will be lower in future years, they will still be better than returns on most other types of investments.

## **EFFECTIVE 1-1-04**

### **Legislative Changes to Military Service Credit**

Richardson has adopted a provision that allows employees to establish service credit for up to five years of time previously served in the United States military. The current law required 10 years of TMRS service credit before Military Service Credit could be purchased, at a cost of \$15 for each month of service.

The new law allows eligible employees to apply for Military Service Credit time after only five years of TMRS service, without having to make the monetary deposit of \$15 per month. The military time will count toward length-of-service requirements for retirement and vesting purposes, but will not have monetary value.

An eligible TMRS member, employed by the City on December 31, 2003 will also have the option to purchase Military Service Credit at \$15 per month. To be eligible, the member must have five years of TMRS service credit.

*Here are two examples showing the change in Military Service Credit:*

1. You served in the military before you went to work for the city. You have worked for the city for five years. Under current law, you cannot purchase your Military Service Credit before December 31, 2003, because you don't have 10 years of TMRS service credit (as required by the current law).

On January 1, 2004, the new law takes effect. You now meet the new five-year TMRS service requirement for Military Service Credit and have a choice. You may either:

a.) apply for military service time at no cost (time credit only - no monetary value), or

b.) deposit \$15 with TMRS for each month of Military Service Credit you wish to establish. Your deposit will become part of your TMRS account where it will earn interest. You have this option to make a deposit because you were an employee of your city on December 31, 2003.

2. An employee who comes to work for the City after December 31, 2003 must attain five years of TMRS service credit, then he or she may apply for military service time at no cost (time credit only - no monetary value). These new employees will not have the option of making the \$15 per month deposit, since you were not employed by the city on December 31, 2003.

*In all cases, no more than five years of Military Service Credit can be established.*

### **Legislative Change in Restricted Prior Service Credit Eligibility.**

Under current law, only a current employee of the City can apply to receive service credit for time he or she worked in another public organization. This credit is called Restricted Prior Service Credit and is service credit (time only -- no monetary value) that a member can receive for previous public employment.

The new provision will allow a member to apply for RPSC (for previous public employment) after the member leaves city employment.